

Solar subsidy

Calls made for Solar subsidy Quarterly deployment of solar power is at its lowest for six years and the Solar Trade Association (STA) has called for “modest government intervention is needed to enable large-scale solar to access the UK market again”.

The dropped deployment and difficulty financing projects comes after cuts to support for large scale solar including the closure of the Renewables Obligation (RO) in April last year. A detailed new analysis from the STA argues that since most support for large-scale solar has been removed in the last year, a new auction round is needed for the cheapest renewables to compete on a level playing field for Contracts for Difference (CfD).

The STA has also urged government to reform Feed-in-Tariffs to boost solar deployment on large commercial rooftops which would cost “£6 million this parliament”. The industry is also asking for fair tax treatment for rooftop solar which combined with CfDs, could “get the solar industry back on track to zero subsidy by 2020”, according to the STA.

STA policy manager and report author David Pickup said: “The UK solar industry has been challenged to deliver subsidy free solar but, as our detailed analysis shows, this is not yet possible for mainstream projects. Even terrific financial innovation cannot get around hard economics; large-scale solar still needs just a little support from Government to provide consumers with one of the cheapest sources of clean power.

“The industry cannot invest for cost reductions tomorrow without decent market volumes today: a vicious circle. With only a third of the costs coming from panels, local supply chains and skills are vital for bringing costs down further to benefit consumers. The danger is that we risk losing these skills, financial confidence and supply chains that enable us to deliver the cheapest solar power.”

The analysis is part of an EU-wide financing project which examines how the solar market could adapt to a low-subsidy world and shows the costly escalating risk perception amongst investors as a result of reducing support schemes and Brexit.

STA chief executive Paul Barwell said: “Solar beautifully answers the energy trilemma of tackling climate change, security and affordability, but it is being cut out of the market and prevented from competing on a level playing field with other technologies.

“It doesn't help consumers to inhibit the cheapest source of clean power in the UK and the competitive pressure it can provide right across the power sector. We hope new ministers will act quickly to open the UK market up again to the cheapest applications of solar power.”